

RESTRICTED

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Limited Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

Multilateral Trade Negotiations

Group "Tropical Products"

GROUP "TROPICAL PRODUCTS"

Background Information on Castor Oil Derivatives

Note by the Secretariat

1. In the course of the work undertaken in Group 3(f), it was suggested that trade and commercial policy data be collected for derivatives of castor oil (MTN/3F/3/Add.1, paragraph 40). This note summarizes available information on these items.

2. Castor oil¹ and its derivatives have numerous end-uses e.g. in the manufacture of paints, varnishes and other protective coatings, in lubricants, greases, hydraulic fluids, soaps, linoleum and oil-cloth, in the manufacture of various chemicals (sebacic acid and undecylenic acid are used in the production of plasticizers and synthetic resins), in medicines and cosmetics, polishes and waxes, and, as a crumbling agent, in the processing of certain new and modified forms of natural rubber.

3. Annex I lists the major castor oil derivatives which have been identified together with an indication of their main uses as well as their respective tariff positions in the BTN nomenclature where this has been identifiable.

4. Few details are available on the pattern of consumption by end-use in the major consuming countries. However, a study of the United Kingdom market for castor oil and derivatives provides the following breakdown.

¹Information on commercial policy, trade flows and price trends for castor oil seed and castor oil is contained in MTN/3F/W/3 and Add.6.

Estimated Breakdown of Castor Oil Consumption (1969) -
United Kingdom

Utilization	Metric tons
<u>Unmodified castor oil</u> (raw, straight)	5,000
<u>Processed castor oil</u> of which:	21,300
Sebacic acid	6,000
Hydrogenated castor oil	7,000
Hydrogenated castor oil fatty acid	
Dehydrated castor oil	5,000
Dehydrated castor oil fatty acid	
Sulphonated castor oil	1,500
Residual	1,800
TOTAL	26,300

Source: The market for castor seed and castor oil in the United Kingdom; Tropical Products Institute, London (1971-72).

It may be noted that this pattern of consumption is likely to vary widely not only from one country to another but also from one year to another as a result of changes in relative prices of castor oil vis-à-vis other competitive oils - e.g. tall oil, fish oil, coconut oil or tung oil - which can substitute for castor oil in certain end-uses.

5. While information on international trade in castor oil derivatives is generally unavailable, it would appear that such trade is small, most exports taking place in terms of the basic products - castor oil seed and castor oil. However, it may be assumed that subject to questions of a technical nature,

developing countries could have the potential to export derivatives manufactured from domestically grown seed.¹

6. MFN and GSP rates of duty applying to castor oil seeds, castor oil and a number of castor oil derivatives have provisionally been identified and are listed in Annex II. While castor oil treated in certain ways (e.g. blown, dehydrated and hydrogenated) falls within BTN Chapter 15, other castor oil derivatives are classified under Chapters 29 and 34 as organic chemicals and their preparations. The latter group of products are generally classified in tariff schedules by chemical components or end-uses without reference to the raw materials used.

7. With regard to castor oil derivatives under Chapter 15, duty-free treatment is granted to developing countries under the GSP in the EEC, Japan, Sweden and Switzerland, but imports are, either wholly or partly, still dutiable in other developed countries under the GSP or at m.f.n. rates. Details of the GSP scheme of the United States are expected to be available later in the year. With regard to castor oil derivatives falling within Chapters 29 and 34, duty-free GSP treatment of the EEC and Japan is subject to the ceiling limitations provided for in the schemes of these two countries. In Finland no m.f.n. duties remain in this area, while in Australia, Norway, Sweden and Switzerland, almost all items are duty-free under the GSP. In Austria, Canada and New Zealand m.f.n. duties or reduced GSP rates apply to certain items.

8. With regard to non-tariff measures, items ex 15.10, ex 15.12 and ex 34.02 are subject to licensing requirements in New Zealand during the 1974/75 fiscal year.

¹ Indian statistical information, for example, shows the following exports for 1972/73 and 1973/74:

Indian statistical No.	Product	Year	Quantity	Value
512.5142	Undecylenic acid	1972/73	10,849 kgs.	US\$ 22,062
		1973/74	30,785 kgs.	US\$ 80,908
431.2009	Hydrogenated oil and fat other than of groundnut	1972/73	450,089 kgs.	US\$312,531
		1973/74	255,256 kgs.	US\$251,474

Annex I - Main castor oil derivatives and their end uses

Castor oil derivatives	BTN	Derivation	End-uses
Bellow blown castor oil ^{1/}	15.08	(Oxidised oils; base oils; polymerized oils; thickened oils obtained by heating; castor oil agitated by a current of air or oxygen.	Paints, varnishes; lubricants, plasticizers.
Gelled castor oil ^{1/}	15.08	Castor oil from which at least 5% of the water content has been removed	Paints, lacquers, alkyl resins.
Dehydrated castor oil ^{1/}	15.08		Surface coatings.
Dehydrated castor oil fatty ^{1/} acid	15.10		Surface coatings.
Hydrogenated castor oil fatty ^{1/} acid	15.10		Solvent, cosmetics.
1-heptanol	29.04	Reduction of heptanol	Perfumery, pharmaceutical, flavouring, segras, and manufacture of 1-heptanol.
Heptanol (heptaldehyde) ^{1/}	29.11	Distillation of castor oil, decomposition of the ricinoleic acid glyceride	Perfumery, flavouring, medicinal, plastic modifying agent (plasticizer, lubricant additive, etc.).
Undecylenic acid ^{1/}	29.14	Destructive distillation of castor oil	Medicinals, cosmetics, chemical intermediate
Zinc undecylenate ^{1/}	29.14	Zinc + 10-undecenoate	Plasticizers, paints, alkyl resins, synthetic fibres.
Sebacic acid	29.15	Dry distillation of castor oil	Lithium, greases, chemical intermediates.
12-hydroxystearic acid ^{1/}	29.16	Hydrogenation of ricinoleic acid	Synthetic fibres, plastics, resins, pharmaceutical.
1-12 hydroxystearil alcohol	29.16	Reduction of 12-hydroxystearic acid	Soaps, detergents, lubricants, cosmetics, rubber products.
Castor oil fatty acid split ^{1/}	29.16	Hydrolytic splitting of castor oil with glycerol as a by-product, oxidation of hydrocarbon	

Castor oil derivatives	BTW	Derivation	End-Uses
Sulphonated (soluble) castor oil (Turkey red oil)	34.02	Sulphonating castor oil with sulphonic acid and washing	Textiles, leather, soaps, paper coatings, alizarin dye assistant
Hydrogenated castor oil/ (opal wax)	34.04	Controlled hydrogenation of pure castor oil	Hand soaps, lubricants, waxblend paper coating for resistant to moisture and fat

Notes:

/ Castor oil derivatives notified to the GATT (cf. MTN/TP/W/19). Tariff positions have been identified on a provisional basis.

TABLE II - Tariff duties - m.f.n. and s.o.p. - on certain oilseed, castor oil and castor oil derivatives

(Rate rates are percent ad valorem unless otherwise specified)

ITEM	HTN	EEC		JAPAN		SWEDEN		SWITZERLAND		AUSTRIA		FINLAND		NORWAY		AUSTRALIA		NEW ZEALAND		CANADA		U.S.	
		m.f.n.	s.o.p.	m.f.n.	s.o.p.	m.f.n.	s.o.p.	m.f.n.	s.o.p.	m.f.n.	s.o.p.	m.f.n.	s.o.p.	m.f.n.	s.o.p.	m.f.n.	s.o.p.	m.f.n.	s.o.p.	m.f.n.	s.o.p.		
Castor oil seeds	12.01	0	-	0	-	Sw F	-	0	-	FrM	0	0	0	0	0	0	0	-	0	0	0	0	
Castor oil	15.07	0 ^{1/3}	6	10	-	0	-	0.001/kg	0.01/kg	0.45/kg	0	0	0	0	0	0	0	0	0	0	0	0	
Bellow blown castor oil	15.08	14	0	7 ^{2/5}	0	Skar 3	0	0.15/kg	0.10/kg	0.15/kg	0	0	0	0	0	0	0	0	0	0	0	0	
Gelled castor oil	15.08	14	0	7 ^{2/5}	0	Skar 3	0	0.40/kg	0.100kg	0.40/kg	0	0	0	0	0	0	0	0	0	0	0	0	
Dehydrated castor oil	15.08	14	0	7 ^{2/5}	0	Skar 3	0	0.40/kg	0.100kg	0.40/kg	0	0	0	0	0	0	0	0	0	0	0	0	
Dehydrated castor oil fatty acid	15.10	4.5	0	7 ^{2/5}	0	0	-	0.01/kg	0	0.13/kg	0	0	0	0	0	0	0	0	0	0	0	0	
Hydrogenated castor oil fatty acid	15.10	4.5	0	7 ^{2/5}	0	0	-	0.01/kg	0	0.13/kg	0	0	0	0	0	0	0	0	0	0	0	0	
1-heptanol	29.04	12	0 ^{2/3}	10 ^{1/3}	0 ^{2/3}	11	0	1.50/kg	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Heptanal (heptaldehyde)	29.11	12.9	0 ^{2/3}	10 ^{1/3}	0 ^{2/3}	11	0	0.02/kg	0	0.13/kg	0	0	0	0	0	0	0	0	0	0	0	0	
Undecylenic acid	29.14	10.4	0 ^{2/3}	10 ^{1/3}	0 ^{2/3}	11	0	0.015/kg	0	0.12/kg	0	0	0	0	0	0	0	0	0	0	0	0	
Triglyceride	29.14	12.8	0 ^{2/3}	10 ^{1/3}	0 ^{2/3}	11	0	0.01/kg	0	0.12/kg	0	0	0	0	0	0	0	0	0	0	0	0	
Stearic acid	29.15	9.6	0 ^{2/3}	10 ^{1/3}	0 ^{2/3}	11	0	0.015/kg	0	0.12/kg	0	0	0	0	0	0	0	0	0	0	0	0	
12 Hydroxystearin aliphatic	29.16	14.4	0 ^{2/3}	10 ^{1/3}	0 ^{2/3}	11	-	0.025/kg	0	0.12/kg	0	0	0	0	0	0	0	0	0	0	0	0	
1-12 Hydroxystearin alcohol	29.16	14.4	0 ^{2/3}	10 ^{1/3}	0 ^{2/3}	11	-	0.025/kg	0	0.12/kg	0	0	0	0	0	0	0	0	0	0	0	0	
Capric stearin	34.02	12	0 ^{2/3}	10 ^{1/3}	0 ^{2/3}	9	0	0.06/kg	0	0.12/kg	0	0	0	0	0	0	0	0	0	0	0	0	
Hydrogenated castor oil (opal wax)	34.04	8	0 ^{2/3}	10 ^{1/3}	0 ^{2/3}	9	0	0.05/kg	0	0.12/kg	0	0	0	0	0	0	0	0	0	0	0	0	

* Because of the difficulty in clearly identifying certain tariff positions and tariff lines, the above rates should be regarded as provisional. Duties are generally those applied on 1 January 1975. The Australian m.f.n. duties are those applied prior to a general reduction of 25 percent introduced in July 1973.

1/ For the production of amiododecanoic acid for use in the manufacture of synthetic fibres or artificial plastic materials.
2/ Items included in a list of products for ceiling limitations.
3/ The application of GSP rate is subject to ceiling limitations controlled on a monthly basis.

4/ In containers of less than 4,546 litres.

5/ Applicable to imports valued not over 20¢/lb.
6/ Under the U.S. Trade Act of 1974, the President is authorized to implement the country's GSP scheme after receiving the advise of the International Trade Commission with respect to eligible articles.